38. Managed Value Plan (MVP) (Cont'd)

38.3 MVP Terms and Conditions (Cont'd)

(D) Access Service Ratio (Cont'd)

The customer's and its affiliates Access Service Ratio must equal or exceed 95% for each month in order for the customer to receive the commitment discount that month. Months where the customer does not receive the commitment discount are subject to true-up as explained in 38.3(H).

The associated rate elements are listed in the table below: (T)

Service Level	Associated Rate Elements Not Included in Interstate Tariff
DS1	4-wire digital loop DS1 Entrance Facilities DS1 Interoffice Transport DS1 Cross Connects DS1 Multiplexing All DS1 non-tariffed Committed Information Rate Broadband Services
DS3	DS3 Loop DS3 Entrance Facilities DS3 Interoffice Transport DS3 Cross Connects DS1/DS3 Multiplexing All DS3 non-tariffed Committed Information Rate Broadband Services
OC-3 OC-12 OC-48	OC-3 Entrance Facilities OC-3 Interoffice Transport OC-3 Cross Connects OC-3 Multiplexing OC-12 Entrance Facilities OC-12 Interoffice Transport OC-12 Cross Connects OC-12 Multiplexing OC-48 Entrance Facilities OC-48 Interoffice Transport OC-48 Cross Connects OC-48 Multiplexing All OC-N equivalent non-tariffed Committed Information Rate Broadband Services
Other Transport Products	Dark Fiber - Interoffice Dark Fiber - Loop Dark Fiber - Subloop Dark Fiber Cross Connects

(T)
(N)

As new associated rate elements are introduced and added to the table in Section 38.3(D) all recurring revenues associated with the new associated rate elements will automatically be added to the customer's Monthly Wholesale Revenue, as defined in Section 38.3(D) preceding for calculation of the Access Service Ratio. (N)

(This page filed under Transmittal No. 2899)

38. Managed Value Plan (MVP) (Cont'd)

38.3 MVP Terms and Conditions (Cont'd)

(E) MVP Billing Discounts

(1) General

MVP discounts are applied to the customer's and its affiliates' qualified monthly MARC commitment. There are two types of MVP billing discounts available:

- MVP Commitment Discounts
- MVP Service Level Agreement (SLA) Discounts

In addition to the MVP billing discounts, Nonrecurring Installation Charges will be waived as described in 38.3(E)(5), following.

(2) Application

MVP Commitment Discounts will begin the first full month following the effective date of the MVP Agreement and are applied as a credit toward the customer's access service bill on a full month's basis. MVP Commitment Discounts will be issued on a monthly basis sixty (60) days in arrears. Monthly billing credits will be issued for every month the customer maintains MVP eligibility as stated in 38.3(B), preceding. All discounts will be subject to true-up as provided in 38.3(H), following.

MVP-SLA discounts will be applied to the total qualified annual MARC within 60 days following the MVP anniversary date, (x)
provided the customer has achieved its obligations contained in 38.3(B), preceding.

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38. Managed Value Plan (MVP) (Cont'd)

38.3 MVP Terms and Conditions (Cont'd)

(E) MVP Billing Discounts (Cont'd)

(3) MVP Commitment Discounts

The MVP Commitment Discount follows:

	YR 1	YR 2	YR 3	YR 4	YR 5
MVP Commitment Discount	9%	11%	12%	13%	14%

The MVP commitment discount is applied monthly, for those months where the criteria is met. If the customer does not receive the monthly commitment discount, it may still receive the discount, if it is in compliance with Section 38.3 by the contract anniversary date, through the true-up process described in 38.3(H). (x)

Example 1:
A customer is in Year 1 of its MVP agreement. Its MARC is established at $12 million, per the guidelines in 38.3(C)(1), preceding. The customer achieves a qualified monthly billing of $1.07 million and has an Access Ratio of 97.53%.

The customer's MVP Commitment Discount is equal to $90,000, calculated as follows:

Annual MARC = $12M
Monthly MARC = $12M / 12 months = $1M
Monthly MARC achievement = $1.07M
MVP Commitment Discount = 9%
MVP Monthly Credit = $1.0M * .09 = $90,000

Example 2:
A customer is in Year 3 of its MVP agreement.
Its MARC is established at $12 million, per the guidelines in 38.3(C)(1), preceding. The customer achieves a qualified monthly billing amount of $1.18 million and has an Access Ratio of 96.8%.

The customer's MVP Commitment Discount is equal to $120,000, calculated as follows:

Annual MARC = $12M
Monthly MARC = $12M / 12 months = $1M
Monthly MARC achievement = $1.18M
MVP Commitment Discount = 12%
MVP Monthly Credit = $1.0M * .12 = $120,000

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38. Managed Value Plan (MVP) (Cont'd)

38.3 MVP Terms and Conditions (Cont'd)

(E) MVP Billing Discounts (Cont'd)

(3) MVP Commitment Discount (Cont'd)

Example 3:
A customer is in Year 4 of its MVP agreement. Its MARC was re-established at $15 million, per the guidelines in 38.3(C)(1), preceding. The customer achieves a qualified monthly billing amount of $1.3 million and has an Access Ratio of 95%. The customer's MVP Commitment Discount is equal to $162,500, calculated as follows:

Annual MARC = $15M
Monthly MARC = $15M / 12 months = $1.25M
Monthly MARC achievement = $1.3M
MVP Commitment Discount = 13%
MVP Monthly Credit = $1.25M * .13 = $162,500 (T)

Example 4:
A customer is in year 3 of its MVP agreement. Its MARC is established at $12 million, per the guidelines in 38.3(C)(1), preceding. The customer achieves a qualified monthly billing amount of $1.18 million and has an Access Service Ratio of 94.3%.

The customer receives no discount for only the month the Access Service Ratio is below 95%. The missed discount is subject to the annual true-up process explained in 38.3(H), following.

38. Managed Value Plan (MVP) (Cont'd)

38.3 MVP Terms and Conditions

(E) MVP Billing Discounts (Cont'd)

(4) MVP Service Level Assurance (MVP-SLA) Discounts

MVP customers will be eligible for additional credits if certain quality of service parameters are not met by the Telephone Company during the term of the MVP Agreement. Two separate MVP-SLA discounts may apply.

MVP-SLA Level 1 - A discount credit of 1% of the customer's annual MARC may be applied in the event the Telephone Company does not achieve its pre-determined targets for quality of service throughout the term of the MVP Agreement as described in Section 38.3(G)(2)(a), following.

MVP-SLA Level 2 - An additional discount credit of 1% of the customer's annual MARC may be applied if the Telephone Company fails to perform at the standards as described in Section 38.3(G)(3)(a), following.

(5) Nonrecurring Installation Charge Waivers

For all Access Service Requests (ASR) that have an Application Date (APP Date) on or after the effective date of the MVP Agreement, all nonrecurring initial installation charges associated with Term Pricing Plans of three (3) years or longer, with the exception of expedited and special construction charges (as set forth in Sections 5.3.2 and 5.2.6 preceding), for the qualified access services described in 38.2, preceding, will be waived for the duration of a customer's MVP Agreement, as long as the circuit remains in service for at least three years or as long as the terms and conditions of the underlying term plans are met. The nonrecurring initial installation charges do not include subsequent changes and/or moves. Nonrecurring charges for optional features and functions associated with the initial installation of a circuit will be waived. Nonrecurring charges for the subsequent addition of optional features and functions (after the initial installation) will not be waived. If the underlying service is terminated before its term agreement expires, the customer will be billed the nonrecurring charges associated with the underlying tariff when the circuit is disconnected or the service is terminated. In the event that MVP is terminated before the terms and conditions of the underlying term plan are met, the nonrecurring charges previously waived under MVP will be billed to the customer. The Nonrecurring Channel Termination Charges associated with the failure to meet the DS1 Term Payment Plan Portability Commitment and for exceeding the DS1 Term Payment Plan Portability Commitment, as described in section 7.2.22(E)(3) previously, will not be waived under this Nonrecurring Installation Charge Waiver. (N)

38. Managed Value Plan (MVP) (Cont'd)

38.3 MVP Terms and Conditions (Cont'd)

(F) Renewals (Cont'd)

Prior to expiration of an MVP Agreement, an MVP customer may renew its agreement for an additional five (5) year term without incurring a termination liability, as contained in 38.3(J), following. All renewals must occur no later than three (3) months before the expiration date of the original MVP agreement. (M) The MVP Commitment Discount for the MVP Agreement Renewal will be 14% for the five (5) years of the renewal agreement. The MARC for the new MVP Agreement Renewal will be the existing Annual MARC of the final year of the previous MVP Agreement. Only one renewal is permitted per MVP Agreement. Upon expiration of an MVP Agreement or an MVP renewal, and if an MVP tariff remains in effect and is not grandfathered, a new MVP Agreement may be established with a new MARC developed per the provisions contained in 38.3(C)(1), preceding.

(G) MVP Service Level Assurance (MVP-SLA) Parameters

(1) General

MVP customers may be eligible for additional credits based upon the quality of service delivered during the term of the MVP Agreement. MVP-SLA credits will be applied in the event that the Telephone Company's MVP-SLA service performance level objectives are not met.

MVP-SLA parameters are established for a twelve month interval commencing with the MVP Agreement date.

The service performance level parameters for each of these three (3) services shall address:

(a) On-Time Provisioning (OTP) - Calculated by dividing the number of customer requests for new service and rearrangements of existing service that were missed for Telephone Company reasons by the total number of new service requests and rearrangements of existing service completed during the reporting period. The date used to determine whether or not the service request was missed is the Service Confirmation Date provided on the Firm Order Confirmation (FOC).

(b) Failure Frequency (FF) - Represented as an annualized percent of the MVP customer's total access circuit failures. Calculated by dividing the total number of Telephone Company circuit failures during the reporting period by the cumulative number of embedded circuits for the same period and multiplying the result by 12. Only "found trouble" reporting codes are considered to be failures. "Found trouble" reporting codes are report codes CC, CO, FAC, STN, and SVB.

Certain material appearing on this page previously appeared on 3rd Revised Page 38-11.

(This page filed under Transmittal No. 2899)

38. Managed Value Plan (MVP) (Cont'd)

38.3 MVP Terms and Conditions (Cont'd)

(G) MVP Service Level Assurance (MVP-SLA) Parameters (Cont'd)

(1) General (Cont'd)

(c) Time to Restore (TTR)- Measure of outage duration calculated by dividing the total number of measured troubles that are less than or equal to 3 hours in the reporting period by total number of troubles in the same reporting period. All measured trouble codes are included in this calculation. These are CC, CO, FAC, NTF, STN, SVB, and TOK.

(2) MVP-SLA Level 1

(a) Description

In the event that the Telephone Company fails to perform at or above the established service thresholds for any given MVP Agreement year, the MVP customer will be entitled to a 1% Level 1 Service Quality Assurance credit. (T)

MVP-SLA Level 1 Discounts are applicable to the following qualified services:

- Voice Grade Service - Section 7.3.4
- MegaLink Data Service - Section 7.3.9
- High Capacity Service - Section 7.3.10

A minimum number of circuits per service, a minimum number of new installations per service, and a minimum number of trouble-ticket activities per service will be required in order to qualify that service for possible discounts under the MVP-SLA Level 1 service performance terms.[1] These minimum requirements are listed in Table A below: (N)

MVP-SLA Qualified Service	Minimum In-Service Requirement	Minimum Installations Per Quarter	Minimum Trouble Tickets Per Quarter
Voice Grade Service	50	20	20
Megalink Data Service	50	20	20
High Capacity Service	50	20	20

Table A

[1] Customers participating in MVP prior to June 8, 2002 are not required to meet the Minimum In-Service Requirement, the Minimum Installation Requirement, or the Minimum Trouble Ticket Requirement. (N)

Certain material previously appearing on this page now appears on 2nd Revised Page 38-13.1, following.

38. Managed Value Plan (MVP) (Cont'd)

38.3 MVP Terms and Conditions (Cont'd)

(G) MVP Service Level Assurance (MVP-SLA) Parameters (Cont'd)

(2) MVP-SLA Level 1 (Cont'd)

(a) Description (Cont'd)

At the end of a quarter, the customer's circuits in service, circuit installations, and circuit trouble tickets will be calculated for the quarter. If an MVP customer does not meet the minimum requirements to qualify for a particular service under the MVP-SLA service performance terms, the calculation of the total points earned will be as shown in 38.3(G)(2)(b).[1] (N)

A service-performance target has been established for each of the nine MVP Level 1 Service Assurance performance measures for each year of the MVP term, specified in Table 1.0. (M) (T) (M)

	TTR<3 Hours			FF			OTP		
	DS1	DDS	VG	DS1	DDS	VG	DS1	DDS	VG
YR1	78.50%	71.0%	62.5%	13.50%	18.0%	15.0%	90.00%	96.5%	96.5%
YR2	82.50%	76.0%	65.0%	12.70%	16.0%	14.0%	95.00%	96.9%	96.9%
YR3	85.00%	80.0%	68.0%	12.00%	14.5%	13.0%	95.60%	97.2%	97.2%
YR4	87.00%	82.0%	69.0%	11.30%	13.5%	12.5%	96.20%	97.5%	97.5%
YR5	89.00%	83.0%	70.0%	10.60%	13.0%	12.0%	96.70%	97.7%	97.7%

Table 1.0 (M)

[1] Customers participating in MVP prior to June 8, 2002 are not required to meet the Minimum In-Service Requirement, the Minimum Installation Requirement, or the Minimum Trouble Ticket Requirement. (N) (N) (N)

Certain material appearing on this page previously appeared on 3rd Revised Page 38-13.

38. <u>Managed Value Plan (MVP)</u> (Cont'd)

38.3 <u>MVP Terms and Conditions</u> (Cont'd)

(G) <u>MVP Service Level Assurance (MVP-SLA) Parameters</u> (Cont'd)

(2) <u>MVP-SLA Level 1</u> (Cont'd)

(a) <u>Description</u> (Cont'd)

Service performance in each of the service categories will be averaged for each MVP customer by quarter and by year throughout the life of the MVP agreement. These service averages will then be used in the following Level 1 Service Assurance calculation to determine (T) whether or not the 1% Level 1 Service Quality Assurance (T) credit is applicable to the MVP subscriber for a given year.

(b) <u>Calculation</u>

At the conclusion of each MVP Agreement year, the 12-month averages for each measured service component will be compared to its corresponding target in Table 1.0. For those service components that meet or exceed this target, a point value will be assigned for each quarter and for the end of year. DS1 services will be valued at three points, DDS services at 2 points and VG services at one point. For service performance below the benchmark, no points will be awarded. If, during a (N) quarter, an MVP-SLA qualified service is not eligible due to the failure to meet one of the minimum requirements as identified in 38.3(G)(2)(a) the corresponding point value for that particular qualified service will be assigned for that quarter.[1] As (N) illustrated in Table 2.0, the maximum possible annual score (quarterly and annual totals combined) is 144 points.

	Q1				Q2				Q3				Q4				TOTAL	TOTAL
	TTR	FF	OTP	TOT	TTR	FF	OTP	TOT	TTR	FF	OTP	TOT	TTR	FF	OTP	TOT	YEAR	POINTS
DS1	3	3	3	9	3	3	3	9	3	3	3	9	3	3	3	9	36	72
DDS	2	2	2	6	2	2	2	6	2	2	2	6	2	2	2	6	24	48
VG	1	1	1	3	1	1	1	3	1	1	1	3	1	1	1	3	12	24
TOTAL				18				18				18				18	72	[illegible]

Table 2.0

[1] Customers participating in MVP prior to June 8, 2002 are not required to meet the (N)
Minimum In-Service Requirement, the Minimum Installation Requirement, or the (N)
Minimum Trouble Ticket Requirement. (N)

38. Managed Value Plan (MVP) (Cont'd)

38.3 MVP Terms and Conditions (Cont'd)

(x)

(x)

(x)

(x)

(x)

(x)

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38. Managed Value Plan (MVP) (Cont'd)

38.3 MVP Terms and Conditions (Cont'd)

(G) MVP Service Level Assurance (MVP-SLA) Parameters (Cont'd)

(2) MVP-SLA Level 1 (Cont'd)

(b) Calculation (Cont'd)
Any combined total quarterly and annual score greater
than or equal to 104 points will be considered as (T)
reflective of a high overall service quality for any
given year and no Level 1 Quality Assurance credit will (T)
be applicable. Combined scores of less than 104 points
will result in the application of the additional 1%
Level 1 Service Quality Assurance credit as set forth in (T)
Section 38.3(E)(4), preceding. (T)

The following example illustrates how quarterly and end-
of-year results will be used to determine whether or not
a Level 1 credit is applicable. (T)

HYPOTHETICAL 1ST YEAR MVP SERVICE PERFORMANCE

DMOQ	MVP TARGET	1Q	PTS	2Q	PTS	3Q	PTS	4Q	PTS		EOY AVG	PTS	
DS1-OTP	**90.00%**	99.03%	*3*	98.08%	*3*	97.98%	*3*	97.98%	*3*		**98.27%**	***12***	
DS0 DIG-OTP	**96.50%**	98.04%	*2*	97.86%	*2*	97.99%	*2*	98.00%	*2*		**97.97%**	***8***	
DS0 VG-OTP	**96.50%**	99.53%	*1*	98.25%	*1*	97.97%	*1*	98.11%	*1*		**98.47%**	***4***	
DS1-FF	**13.50%**	15.60%	*0*	14.20%	*0*	13.48%	*3*	12.02%	*3*		**13.83%**	***0***	
DS0 DIG-FF	**18.00%**	20.44%	*0*	22.17%	*0*	21.89%	*0*	20.21%	*0*		**21.18%**	***0***	
DS0 VG-FF	**15.00%**	13.18%	*1*	14.46%	*1*	18.87%	*0*	16.34%	*0*		**15.71%**	***0***	
DS1-TTR<3	**78.50%**	82.12%	*3*	80.88%	*3*	82.00%	*3*	85.04%	*3*		**82.51%**	***12***	
DS0 DIG-TTR<3	**71.00%**	69.54%	*0*	71.50%	*2*	71.04%	*2*	73.30%	*2*		**71.35%**	***8***	
DS0 VG-TTR<3	**62.50%**	64.33%	*1*	63.80%	*1*	64.42%	*1*	66.45%	*1*		**64.75%**	***4***	
TOTAL POINTS			*11*		*+ 13*		*+ 15*		*+ 15*	*= 54*	*+*	*48*	*= 102*

In the above example, the customer would receive a 1%
Level 1 Quality Assurance credit. (T)

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38. Managed Value Plan (MVP) (Cont'd)

38.3 MVP Terms and Conditions (Cont'd)

(G) MVP Service Level Assurance (MVP-SLA) Parameters (Cont'd)

(x)

(x)

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38. Managed Value Plan (MVP) (Cont'd)

38.3 MVP Terms and Conditions (Cont'd)

(G) MVP Service Level Assurance (MVP-SLA) Parameters (Cont'd)

(3) MVP-SLA Level 2

(a) Description

The Level 2 Service Quality Assurance offers an additional 1% credit in addition to the 1% Level 1 Service Quality credit, previously described. (T) (T)

MVP-SLA Level 2 Discounts are applicable to the following qualified service:

- High Capacity Service - Section 7.3.10

The minimum requirements identified in Section 38.3(G)(2)(a), preceding, are also required for qualification for potential MVP-SLA Level 2 discounts.[1] (N) (N) (N) (N)

Level 2 targets are shown in Table 3.0 following:

	TTR<3	FF	OTP
YR1	NA	NA	NA
YR2	NA	NA	NA
YR3	55.3%	18.6%	62.1%
YR4	55.3%	18.6%	62.1%
YR5	55.3%	18.6%	62.1%

Table 3.0

[1] Customers participating in MVP prior to June 8, 2002 are not required to meet the Minimum In-Service Requirement, the Minimum Installation Requirement, or the Minimum Trouble Ticket Requirement. (N) (N) (N)

38. Managed Value Plan (MVP) (Cont'd)

38.3 MVP Terms and Conditions (Cont'd)

(G) MVP Service Level Assurance (MVP-SLA) (Cont'd)

(3) MVP-SLA Level 2 (Cont'd)

(b) Calculation

Level 2 Service Quality Assurance is applicable (T)
beginning with results from the third MVP Agreement (T)
year and only comes into play in the event the Telephone Company fails to perform at the previously described Level 1 standard (i.e., total combined (T)
quarterly and end-of-year average results less than 104 out of 144 possible points for any given year). In such an event, the MVP Agreement year-end average service measures for DS1 will also be compared to the targets set out in Table 3.0. Should any of these measures be worse than their corresponding Level 2 targets, the (T)
additional 1% Level 2 Service Quality Assurance credit (T)
will be applied for the year preceding.

(H) MVP Annual True-up Amount (MATA)

An annual true-up calculation will be performed after each anniversary of the MVP Agreement. The MVP Annual True-up Amount (MATA) provides an opportunity to receive monthly discounts that were not received because the monthly MARC was not met and/or the Access Service Ratio was not greater than or equal to 95%. The customer receives the MATA only if at the time of the annual true-up process the customer is in compliance with all of the terms of the MVP Agreement as stated in 38.3(B), preceding.

The MATA is calculated as follows:

	Total Annual		Total of Monthly Discount
MATA	= MVP Commitment	-	Credits Received
	Discount Amount		for the Year

The customer will receive a true-up credit from the Company in the amount of the MATA, if the customer qualifies as stated above.

(This page filed under Transmittal No. 2899)

38. Managed Value Plan (MVP) (Cont'd)

38.3 MVP Terms and Conditions (Cont'd)

(H) MVP Annual True-up Amount (MATA) (Cont'd)

Example 1:

A customer is at the end of year 1 of its MVP Agreement. Its MARC is established at $12 million per the guidelines in 38.3(C)(1), preceding, and the customer has an Access Service Ratio of 95.7%, then:

The Total Annual MVP Commitment Discount Amount = $12 million * 9% = $1.08 million.

The customer exceeded the annual MARC of $12 million, but because it did not meet the monthly MARC in one month of the previous year, the total credits received for year 1 of the MVP Agreement =
11 months * the monthly credit of $.09M = $.99M.

Then the customer will receive a MATA credit equal to $1.08M - $.99M = $.09M

Example 2:

A customer is at the end of year 2 of its MVP Agreement. Its MARC is established at $12 million per the guidelines in 38.3(C)(1), preceding and the customer has an Access Service Ratio of 95.7%, then:

The Total Annual MVP Commitment Discount Amount = $12 million * 11% = $1.32 million.

The customer exceeded the annual MARC of $12 million, but because it did not meet the monthly MARC in one month of the previous year and did not have an Access Service Ratio of greater than or equal to 95% in another month, the total credits received for year 2 of the MVP Agreement = 10 months * the monthly credit of $.11M = $1.1M.

Then the customer will receive a MATA credit equal to $1.32M - $1.1M = $.22M

Any annual true-up credits or adjustments will be applied to the customer's bill within sixty (60) days following the anniversary of the MVP Agreement.

If the customer fails to achieve MARC or has an Access Service Ratio less than 95% on the anniversary date of the MVP Agreement, the customer must choose one of the options contained in 38.3(I), following. (T)

38. Managed Value Plan (MVP) (Cont'd)

38.3 MVP Terms and Conditions (Cont'd)

(I) Failure to Meet Customer Obligations

If the customer fails to achieve the Annual MARC or to maintain an Access Service Ratio equal to or greater than 95%, the customer must choose from the following options, specific to its failure: (T)

(1) Failure to Achieve the MARC

If the customer fails to achieve the Annual MARC for any MVP plan year, it must comply with either (a) or (b) following:

(a) The customer pays the difference between the Annual MARC and the actual Annual Billing; or

(b) The customer terminates its MVP Agreement and pays Termination Liabilities set forth in 38.3(J), following.

(2) Failure to Meet the Access Service Ratio

If the customer and its affiliates fail to have an Access Service Ratio greater than or equal to 95% on the anniversary date of the MVP Agreement, the customer must immediately indicate in writing to the Telephone Company that it will meet or exceed the 95% Access Ratio within two months from the anniversary date. Failure to do so will cause the MVP Agreement to be terminated and the customer and its affiliates will pay the Termination Liability Charges set forth in 38.3(J), following.

38. Managed Value Plan (MVP) (Cont'd)

38.3 MVP Terms and Conditions (Cont'd)

(J) Termination of an MVP Agreement

If a customer elects to terminate MVP Agreement prior to its expiration date, written notification must be provided to the Telephone Company indicating the customer's intention to *terminate the agreement. This notification must include the* date upon which the customer wishes to terminate the agreement.

(1) Termination Liability

Upon termination of the MVP Agreement, the customer will be billed a Termination Liability charge, with the exception of MVP Renewals contained in 38.3(F), preceding, and Termination of MVP Due to Rate Reductions contained in 38.3(J)(2), following, equal to:

(a) *100% of all MVP Discounts received during the six (6)* months immediately prior to the date of termination; plus the following schedule:

(1) If terminated in Year 1, 10% of the MARC for the remaining portion of Year 1, plus 10% of the MARCs for the remaining years of the agreement.

(2) If terminated in Year 2, 12.5% of the MARC for the remaining portion of Year 2, plus 12.5% of the MARCs for the remaining years of the agreement.

(3) If terminated in Year 3, 12.5% of the MARC for the remaining portion of Year 3, plus 12.5% of the MARCs for the remaining years of the agreement.

(4) If terminated in Year 4, 12.5% of the MARC for the remaining portion of Year 4, plus 12.5% of the MARC for Year 5.

(5) If terminated in Year 5, 10% of the MARC for the remaining portion of Year 5.

(b) The customer will also be billed for nonrecurring charges associated with term agreements of 3 or more years that were waived under the terms of MVP. (x)

(x)

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(This page filed under Transmittal No. 2892)

38. Managed Value Plan (MVP) (Cont'd)

38.3 MVP Terms and Conditions (Cont'd)

(J) Termination of an MVP Agreement (Cont'd)

(1) Termination Liability (Cont'd)

Example:
A customer requests termination of an MVP Agreement 3.5 years into the agreement. The customer met the MARC four of the preceding six months. This customer's Year 3 MARC is $10.6M and the Year 3 monthly MARC is $883,333.33. The termination liability is:

Credits paid the preceding 6 months =
($883,333.33 * 13%)*4 = $459,333.33

Plus

Remaining MARC for
Year 3 $5.3M X 12.5% = $662,500
Year 4 MARC $10.6M X 12.5% = $1,325,000
Year 5 MARC $10.6M X 12.5% = $1,325,000

The customer will pay a Termination Liability of $3,771,833.33

(2) Termination of MVP Agreement Due to Rate Reductions

If qualified MVP access tariff rates are reduced a (x)
cumulative total of 30% from the contract effective date (x)
rates, either party may discontinue MVP, upon sixty (60) days written notice without incurring MVP termination liability.

In order to determine if the 30% reduction threshold has been met or exceeded, the rate reduction percentage change for each qualified MVP access rate element is calculated, then the weighted average of those percentages (based on product volumes) is used as the threshold percentage.

x Issued under authority of Special Permission No. 02-052 of the F.C.C. in order to restore currently effective provisions and to withdraw material filed under Transmittal No. 2883 without becoming effective.

38. Managed Value Plan (MVP) (Cont'd) (N)

38.3 MVP Terms and Conditions (Cont'd)

(J) Termination of an MVP Agreement (Cont'd)

(2) Termination of MVP Agreement Due to Rate Reductions (Cont'd)

The following examples show the calculation of the reduction threshold:

Example 1:

Product	Volume	Volume % of Total	Current Price	Initial Price	% Change	Weighted Average
Product 1	100	17%	$ 100	$ 140	29%	5%
Product 2	200	33%	$ 135	$ 150	10%	3%
Product 3	300	50%	$ 85	$ 155	45%	23%
Total	600	100%	$ 320	$ 445	28%	31%

Example 2:

Product	Volume	Volume % of Total	Current Price	Initial Price	% Change	Weighted Average
Product 1	100	17%	$ 100	$ 140	29%	5%
Product 2	200	33%	$ 135	$ 150	10%	3%
Product 3	100	17%	$ 85	$ 155	45%	8%
Total	400	67%	$ 320	$ 445	28%	16% (N)

38. Managed Value Plan (MVP) (Cont'd)

38.3 MVP Terms and Conditions (Cont'd)

(K) Failure to Maintain Eligibility

If at any time during the term of the MVP Agreement, the customer fails to maintain any of the MVP eligibility conditions specified in 38.3(B), preceding, the Telephone Company reserves the right to terminate the MVP Agreement upon thirty (30) days written notice. In such cases, the Telephone Company will consider this Failure to Maintain Eligibility as an Early Termination of the MVP Agreement and thus subject to the applicability of the Termination Liability specified in 38.3(J), preceding.

(L) Right of Successor of an MVP Term Agreement (T)

If a current MVP customer, at any time during the term of an MVP term agreement, assigns or transfers part or all of (T) the qualified access services identified in Section 38.2 to a unaffiliated customer, one of the following will apply:

(1) If the current MVP customer (assignor or transferor) continues to qualify for MVP with the remaining qualified access services, but cannot meet its existing MARC, a one-time adjustment to the MARC will be made pursuant to either (a), (b), or (c).

(a) If the new customer (assignee or transferee) is not a current MVP customer and either cannot qualify for MVP with the new qualified access services assigned or transferred or chooses not to subscribe to MVP, the current MVP customer (assignor or transferor) must pay termination liability charges as set forth in Section 38.3(J), preceding, for the amount of the MARC attributable to the qualified access services assigned or transferred. If, however, within sixty (60) days of the assignment or transfer, the new customer (assignee or transferee), who must qualify for MVP,

(1) includes all of the assigned or transferred services in a new five(5) year MVP term agreement (T) pursuant to 38.3(C), as long as MVP is still available and has not been grandfathered, or

(2) assumes the remaining months of the current customer's (assignor or transferor) MVP term (T) agreement for the assigned or transferred (T) qualified access services as described in and (T) pursuant to Section 38.3.1(A) following, (T)

the Telephone Company will waive termination liability for the current MVP customer (assignor or transferor) on the portion of the existing MARC attributable to the assigned or transferred qualified access services.

38. Managed Value Plan (MVP) (Cont'd)

38.3 MVP Terms and Conditions (Cont'd)

(L) Right of Successor of an MVP Term Agreement (Cont'd) (T)

(1) (Cont'd)

(b) If the new customer (assignee or transferee) is a current MVP customer whose existing MVP term agreement expires after the expiration date of the current MVP customer (assignor or transferor) MVP term agreement and the new customer assignee or transferee) chooses not to include the assigned or transferred qualified access services in its MVP MARC, or chooses not to assume the remaining MVP months of the assigned or transferred qualified access services, as described in Section 38.3.1(A) following, the current MVP customer (assignor or transferor) must pay termination liability charges as set forth in Section 38.3(J), preceding, for the amount of the MARC attributable to the qualified access services assigned or transferred. If, however, within sixty (60) days of the assignment or transfer, the new customer (assignee or transferee), who must qualify for MVP, (T) (T)

(1) includes all of the assigned or transferred qualified access services in its current MVP MARC by increasing its current MARC by the amount of qualified access services assigned or transferred, or (T)

(2) assumes the remaining months of the current customer's (assignor or transferor) MVP term agreement for the assigned or transferred qualified access services as described in Section 38.3.1(A) following, (T) (T)

the Telephone Company will waive termination liability for the current MVP customer (assignor or transferor) on the portion of the existing MARC attributable to the assigned or transferred qualified access services.

Services included in existing MARC: (T)

Example A: New customer current MARC + Amount of qualified access services assigned or transferred = New customers re-established MARC (T) (T)

Current MARC $10M (expires in August, 2007)+ Services assigned or transferred $2M = Re-established MARC $12M (expires in August, 2007) (T) (T)

Services retained as separate MVP term agreement for remaining length of term: (T) (T)

Example B: Current customer MARC $20M expires in August, 2007. Transferred Qualified Access Services MARC $10M expires in September, 2006 (T)

Customer retain two separate MVP term agreements for the duration of both MVP term agreements with MARC's of $20M and $10M respectively. (T) (T) (N)

Example C: Current MARC of $20M expires in August, 2007. Transferred services MARC of $5M expires in September, 2006.

Customer retains two separate MVP term agreements for the duration of the MVP term agreements with MARC's of $20M and $5M respectively. (N)

(D)

(D)

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38. Managed Value Plan (MVP) (Cont'd)

38.3 MVP Terms and Conditions (Cont'd)

(L) Right of Successor of an MVP Term Agreement (Cont'd) (T)

(1) (Cont'd)

(c) If the new customer (assignee or transferee) is a current MVP customer whose existing MVP term agreement (T) expires prior to the expiration date of the current customer's (assignor or transferor) MVP term agreement (T) and the new customer (assignee or transferee) chooses not to assume the remaining MVP months of the assigned or transferred qualified access services as described in Section 38.3.1(A), the current MVP customer (assignor or transferor) must pay termination liability charges as set forth in Section 38.3(J), preceding, for the amount of the MARC attributable to the qualified access services assigned or transferred.

If, however, within sixty (60) days of the assignment or transfer, the new customer (assignee or transferee), who must qualify for MVP, assumes the remaining months of the current customer's (assignor or transferor) MVP term (T) agreement for the assigned or transferred qualified (T) access services as described in Section 38.3.1(A) (T) following, the Telephone Company will waive termination liability for the current MVP customer (assignor or transferor) on the portion of the existing MARC attributable to the assigned or transferred qualified (T) access services. (T)

Qualified Access Services retained as separate MVP term (T) agreement for remaining length of term:

Example A: Current MARC $20M expires in August, 2006. (T) Transferred Services MARC $10M expires in September, 2007.

Customer retains two separate MVP term (T) agreements for the duration of the MVP term (T) agreements MARC's of $20M and $10M (N) respectively.

Example B: Current MARC of $20M expires in August, 2006. Transferred services MARC of $5M expires in September, 2007.

Customer retains two separate term agreements for the duration of the MVP term agreements with MARC's of $20M and $5M respectively. (N)

(D)

(D)

38. Managed Value Plan (MVP) (Cont'd)

38.3 MVP Terms and Conditions (Cont'd)

(L) Right of Successor of an MVP Term Agreement (Cont'd) (T)

(2) Pursuant to existing MVP Terms and Conditions, if the current MVP customer (assignor or transferor) cannot qualify for MVP with the remaining qualified access revenues, the customer (assignor or transferor) must pay termination liability charges as set forth in Section 38.3 (J), preceding, for the most current MARC that includes the qualified access services assigned or transferred.

If, however, within sixty (60) days of the assignment or transfer, the new customer (assignee or transferee), who must qualify for MVP, either, (D)
(D)
(D)

a) includes the assigned or transferred services in a new MVP and MARC as described in Section 38.3(L)(1)(a)(1); or (N)
b) assumes the remaining months of the current customer's (assignor or transferor) MVP term agreement for the assigned of transferred services as described in Section 38.3(L)(1)(a)(2), Section 38.3(L)(1)(b)(2) or Section 38.3(L)(1)(c);
c) includes the assigned or transferred services in its current MVP and MARC as described in Section 38.3(L)(1)(b)(1). (N)

the Telephone Company will waive termination liability for the current MVP customer (assignor or transferor) on the portion of the existing MARC attributable to the assigned or transferred qualified access services.

Example A: Current customer (assignor or transferor) has (T)
MARC of $20M and transfers $12M to new customer (T)
(assignee or transferee) who includes the (C)
transferred services in a new MVP and MARC in (C)
keeping with the 60 day provision in
38.3(L)(1)(a)(1) preceding. Current (T)
customer remaining revenue does not qualify for (T)
MVP. Current customer (assignor or transferor)
pays termination liability as follows:

(Current MARC $20M) - ($12M included by new (T)
customer) = $8M. Termination liability will apply on $8M as described in Section 38.3(J).

Material previously appearing on this page now appears on Original Page 38-22.3.1.

38. Managed Value Plan (MVP) (Cont'd) (N)

38.3 MVP Terms and Conditions (Cont'd)

(L) Right of Successor of an MVP Term Agreement (Cont'd)

(2) (Cont'd)

Example B: Current customer (assignor or transferor) has MARC of $20M, and transfers $12M to new customer (assignee or transferee) who assumes the transferred services in a separate MVP term agreement in keeping with the provisions in Section 38.3(L)(1)(a)(2), Section 38.3(L)(1)(b)(2), or Section 38.3(L)(1)(c)preceding. Current customer remaining does not qualify for MVP. Current customer (assignor or transferor) pays termination liability as follows.

(Current MARC $20M)-($12M assumed by new customer)=$8M. Termination liability will apply on $8M as described in Section 38.3(J).

Examples C: Current customer (assignor or transferor) has MARC of $20M, and transfers $12M to new customer (assignee or transferee) who includes the assigned or transferred services in its current MVP and MARC in keeping with the provisions in Section 38.3(L)(1)(b)(1) preceding. Current customer remaining does not qualify for MVP. Current customer (assignor or transferor) pays termination liability as follows:

(Current MARC $20M)-($12M included by new customer)=$8M. Termination liability will apply on $8M as described in Section 38.3(J). (N)

(3) In keeping with existing terms and conditions, if the current MVP customer (assignor or transferor) can qualify for MVP and can achieve its existing MARC with the remaining qualified access revenues, no adjustment to the MARC will be made. (M)

If (1), (2), or (3) are not applicable, termination liability charges, as described in Section 38.3(J), will apply. (M)

Material now appearing on this page previously appeared on Original Page 33-22.3.

38. Managed Value Plan (MVP) (Cont'd)

38.3 MVP Terms and Conditions (Cont'd) (N)

38.3.1 Assumption of Remaining Term Agreement for Transferred of Assigned Services

(A) General Description

(1) Description

When a new customer (assignee or transferee) chooses to assume the remaining term of a transferred MVP customer's MARC under a separate MVP term agreement (T) as described in Section 38.3(L) preceding, the new customer must follow the terms and conditions as described in Section 38.3.1, following.

The MARC will be calculated as follows:

MARC calculation:

Amount of transferred MARC commitment, divided by twelve (12)months, equals monthly MARC commitment for the remaining term of the MVP term agreement. (T)

Example:

$12M MARC transfer / 12 months = $1M monthly MARC commitment

(B) Application of Discounts

Discounts will apply to assigned or transferred qualified services listed in Section 38.2 preceding. MVP Commitment discounts will begin the first full month following the effective date of the assignment or transfer.

Discounts will apply to the monthly MARC based on the year in which the MVP MARC commitment is transferred or assigned as long as the customer meets all the obligations, terms and conditions addressed in 38.3.1(D) and (E) following:

Year	Yr 1 Transfer	Yr 2 Transfer	Yr. 3 Transfer	Yr. 4 Transfer	Yr. 5 Transfer
% discount	9%	11%	12%	13%	14%

Example:

Customer assumes a transferred MVP MARC commitment in Year 3 of an existing MVP term agreement. A discount (T) of 12% will be applied monthly during term year 3 as long as all terms and conditions are met. The subsequent years applicable discount schedule will be based on the anniversary dates associated with the original (transferred) MVP term agreement through the end of the transferred MVP term agreement period.

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